
**Follow up Review on Recommendation No. 1 from
Audit Report No. 4-621-98-005-F, “Audit of
USAID/Tanzania’s Operating Expenses”**

**Report No. 4-621-00-001-P
January 6, 2000**

REGIONAL INSPECTOR GENERAL/PRETORIA



Memorandum

*Regional Inspector General
Pretoria*

DATE: January 6, 2000

TO: USAID/Tanzania Mission Director, Lucretia Taylor

FROM: Regional Inspector General/Pretoria, Joseph Farinella

SUBJECT: Follow up Review on Recommendation No. 1 from Audit Report No. 4-621-98-005-F, "Audit of USAID/Tanzania's Operating Expenses", Audit Report No. 4-621-00-001-P

This memorandum is our report on the subject audit. We have considered your comments on the draft report and have included them in their entirety in Appendix II. The report has no recommendations.

I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

OMB Circular No. 50 and Office of Inspector General planning guidance require periodic follow-up reviews of selected previously closed audit recommendations. Among the factors considered for selection is that the recommendation was closed based on the Mission's assertions that corrective action was completed.

Accordingly, we did a follow-up review of Recommendation No. 1 from RIG/Pretoria's Audit Report No. 4-621-98-005-F, titled "Audit of USAID/Tanzania's Operating Expenses", issued on February 26, 1998. This recommendation was closed on September 24, 1999, based on corrective actions taken by USAID/Tanzania. The recommendation reads as follows:

"We recommend that USAID/Tanzania (i) establish an adequate system of record keeping and internal controls to satisfactorily account for expendable property; (ii) conduct a physical inventory to determine the extent of losses; and (iii) take appropriate actions to address the loss of expendable property".

Audit Objective

RIIG/Pretoria conducted an audit in accordance with generally accepted government auditing standards to answer the following question:

Did USAID/Tanzania take effective corrective actions to justify closure of Recommendation No. 1 of Audit Report No. 4-621-98-005-F, "Audit of USAID/Tanzania's Operating Expenses," issued by RIG/Pretoria on February 26, 1998?

Appendix I describes the audit's scope and methodology.

Audit Finding

The audit showed that USAID/Tanzania took effective corrective actions relating to Recommendation No. 1 of Audit Report No. 4-621-98-005-F, titled "Audit of USAID/Tanzania's Operating Expenses," issued by RIG/Pretoria on February 26, 1998.

USAID/Tanzania took the following measures to reach a management decision and final action (closure) on the subject audit recommendation.

- **Established a system to satisfactorily account for expendable property**

A computerized system for tracking expendable property was installed, and an employee was hired to assist the storekeeper with data entry and completion of stock cards. To ensure adequate oversight, spot checks of equipment are now conducted quarterly.

In addition, the Mission's General Services Officer (GSO) reviews all requisitions prior to approval to ensure that the requisitions are complete and accurate. Gate pass signing and issuing authority and procedures were updated, and guards now have sample signatures of who may sign gate passes.

Furthermore, GSO procedures were changed to permit GSO staff to complete the file stock cards. This provides for the proper separation of duties between the stock clerk who enters the bin cards and the storekeeper who enters the computer data.

- **Conducted a physical inventory to determine the extent of losses**

A physical inventory of expendable property was conducted by the GSO shortly after dismissal of the former storekeeper. As a result, the value of missing expendable items was determined to be \$29,386.24.

- **Took appropriate actions to address the loss of expendable property**

The loss of expendable property was found to be a direct result of the storekeeper's negligence and malfeasance. The storekeeper was fired and an amount of \$206.09 was recovered from his ending salary, leaving an uncollected balance of \$29,180.

In order to address the theft of expendable property, USAID/Tanzania took several actions which included:

- Requesting RIG/Pretoria to conduct an operating expense audit in USAID/Tanzania that resulted in issuance of Audit Report No. 4-621-98-005-F on February 26, 1998 and Recommendation No. 1 therein;
- Reporting the loss immediately to the Regional Security Officer, American Embassy, Dar Es Salaam, and the Tanzanian police;
- Dismissing the storekeeper responsible for the theft of the expendable property;
- Requesting RIG/Pretoria to conduct a criminal investigation which concluded that the stolen property was not recoverable because of the nature of the items;
- Requesting assistance from REDSO/ESA, Nairobi, in writing off the loss; and
- Requesting a determination on the final actions taken by the Mission to address Recommendation No. 1 of the subject audit report from the Office of Management Planning and Innovation (M/MPI), Bureau for Management, in USAID/Washington.

Finally, in a memorandum to USAID/Tanzania dated September 24, 1999, M/MPI, following advice from USAID's General Counsel, determined that the steps taken by the Mission constituted final action sufficient to justify closure of Recommendation No. 1 of Audit Report No.4-621-98-005. The recommendation was thereupon closed.

Management Comments and Our Evaluation

USAID/Tanzania agreed with the report's findings. Their comments are included in Appendix II.

APPENDIX I

<h3>SCOPE AND METHODOLOGY</h3>

Scope

We conducted a follow-up review on Recommendation No. 1 from RIG/Pretoria's Audit Report No. 4-621-98-005-F titled, "Audit of USAID/Tanzania's Operating Expenses", issued on February 26, 1998. Our review was performed in accordance with generally accepted government auditing standards and was conducted at USAID/Tanzania's offices in Dar Es Salaam, Tanzania, from November 10 to November 24, 1999.

Methodology

To accomplish our audit objective, we reviewed the Mission's documentation relating to the closure of Recommendation No. 1 of the subject audit report. We then interviewed cognizant officials and performed audit steps to determine whether the actions that the Mission stated they had taken to address the recommendation were, in fact, implemented and effective.

APPENDIX II

Management Comments



U.S. Agency For International Development memorandum

DATE: December 8, 1999

REPLY TO
ATTN OF: *Lucretia Taylor*
Lucretia Taylor, Mission Director

SUBJECT: Follow up Review on Recommendation No. 1 from Audit Report
No. 4-621-98-005-F, titled "Audit of USAID/Tanzania's Operating
Expenses", Audit Report No. 4-621-00-xxx-P

TO: Joseph Farinella, Regional Inspector General/Pretoria

REF: RIG's email dated 12/01/1999

The Mission has reviewed the draft audit report and is in agreement with the auditors' comments that:

USAID/Tanzania took effective corrective actions relating to Recommendation No. 1 of Audit Report No. 4-621-98-005-F, titled "Audit of USAID/Tanzania's Operating Expenses," issued by RIG/Pretoria on February 26, 1998. In implementing the auditors' recommendation, USAID/Tanzania (i) established a system to satisfactorily account for expendable property (ii) conducted a physical inventory to determine the extent of losses and (iii) took appropriate actions to address the loss of expendable property.

The Mission appreciates the auditors' courtesies extended to our staff during the audit.

UNITED STATES A.I.D. MISSION TO TANZANIA